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Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00 NSCE-00

SAJ-01 NIC-01 AGR-20 DOTE-00 IO-14 PA-04 PRS-01

USIA-15 DRC-01 /221 W
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R 291509Z MAR 74
FM AMEMBASSY MOSCOW
TO SECSTATE WASHDC 7397
INFO AMCONSUL HONG KONG
CINCPAC HONOLULU
USMISSION NATO
USLO PEKING
AMEMBASSY TOKYO

C O N F I D E N T I A L MOSCOW 4620

E. O. 11652: GDS
TAGS: ENRG, ETRN, PFOR, UR, JA, CH
SUBJ: KOSYGIN PROPOSAL THAT JAPANESE FINANCE NEW RAILWAY
LINE FROM IRKUTSK TO NAKHODKA

1. SUMMARY. NEW THREE BILLION DOLLAR SIBERIAN RAILWAY WHICH SOVIETS HAVE PROPOSED THAT JAPANESE CONSTRUCT FOR TRANSPORT OF CRUDE OIL FROM IRKUTSK TO NAKHODKA WOULD BE OF MAJOR IMPORTANCE IN DEVELOPMENT OF SIBERIAN RESOURCES AND ALSO STRATEGICALLY SIGNIFICANT BECAUSE OF DISTANCE FROM CHINESE FRONTIER.
END SUMMARY

2. NEW RAILWAY LINE FROM IRKUTSK TO NAKHODKA PROPOSED BY KOSYGIN DURING RECENT JAPANESE-SOVIET TALKS HERE AS DESIRED PROJECT FOR THREE BILLION DOLLAR JAPANESE CREDIT IS VERY PROBABLY CONFIDENTIAL

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PLANNED BAIKAL-AMUR LINE MENTIONED BY BREZHNEV IN RECENT SPEECH

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AT ALMA ATA.

3. LONG PRAVDA TRANSCRIPT OF BREZHNEV SPEECH PUBLISHED MARCH 16 CONTAINS ONE PARAGRAPH IN WHICH BREZHNEV DISCUSSES PROPOSED BAIKAL-AMUR RAILWAY LINE (MAGISTRAL ZHELEZNAYA DOROGA) AS A LEADING EXAMPLE OF PROJECTS PLANNED FOR FURTHER DEVELOPMENT OF VIRGIN LANDS OF SIBERIA AND CENTRAL ASIA. BREZHNEV STATES THAT LINE WILL CROSS "ALL OF EASTERN SIBERIA AND THE SOVIET FAR EAST." ALSO, "CONSTRUCTION OF THIS RAILWAY, WHICH WILL CUT THROUGH SIBERIAN LAND MASS WITH ITS INEXHAUSTIBLE NATURAL WEALTH, WILL OPEN THE WAY FOR CREATION OF A LARGE NEW INDUSTRIAL REGION, ALONG WITH TOWNS AND CITIES, INDUSTRIAL ENTERPRISES AND MINES, AND, NEEDLESS TO SAY, NEW LANDS FOR AGRICULTURAL DEVELOPMENT."

4. LIMITED INFORMATION WHICH EMBASSY HAS BEEN ABLE TO ACQUIRE ON LINE'S PROPOSED ROUTE INDICATES THAT IT WILL PROBABLY RUN FROM IRKUTSK AREA NORTH OF LAKE BAIKAL (IN VICINITY OF UST KUT) AND THEN EASTWARD ABOUT TWO OR THREE HUNDRED MILES NORTH OF TRANS-SIBERIAN RAILWAY WHICH SKIRTS MONGOLIAN AND CHINESE FRONTIERS. EXACT LOCATION OF EASTERN TERMINAL IN FAR EASTERN REGION IS NOT KNOWN, ALTHOUGH NAKHODKA OR NEW PORT OF VOSTOCHNIY WOULD BE LOGICAL.

5. NEW RAIL LINE WOULD INDEED OPEN UP NEW TERRITORY, AND DIRECTLY ENHANCE PROGRESS OF VARIOUS SIBERIAN DEVELOPMENT PROJECTS NOW EITHER UNDER CONSTRUCTION OR STILL ON SOVIET DRAWING BOARDS. ONE OF THESE WOULD BE EXPLOITATION OF UDOKAN COPPER DEPOSITS, REPORTED TO BE LARGEST IN WORLD AND AS YET UNTOUCHED.

6. ABOVE APPEARS TO US TO EXPLAIN MOTIVATION FOR KOSYGIN'S "UNECONOMIC" PROPOSAL TO JAPANESE THAT TYUMEN OIL SHOULD BE TRANSPORTED BY RAIL FROM IRKUTSK TO NAKHODKA INSTEAD OF BY PIPELINE. ALSO APPARENT THAT SOVIETS--IN MOVE WHICH WOULD WIN PRAISE FROM SUCH OLD BOLSHEVIK TRADERS AS ANASTYAS MIKOYAN--ARE ATTEMPTING TO EXPLOIT JAPANESE VULNERABILITY IN PRESENT ENERGY CRISIS TO OBTAIN FOREIGN AID FOR SIBERIAN DEVELOPMENT.

7. BREZHNEV SAID IN ALMA-ATA THAT THE CONSTRUCTION OF THE CONFIDENTIAL

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BAIKAL-AMUR RAILROAD WILL BECOME A "NATIONAL BUILDING PROJECT" IN WHICH PEOPLE FROM ALL REPUBLICS AND PRIMARILY YOUNG PEOPLE WILL PARTICIPATE. THIS SUGGESTS THAT SOVIETS WILL SUPPLY THE BULK OF LABOR FORCE AND JAPANESE THE FINANCING. SOVIET RAILROAD TECHNOLOGY IS EQUAL TO THE TASK, BUT FOREIGN LOCOMOTIVES, ROOLING STOCK, AND EQUIPMENT MIGHT BY PURCHASED OFFSHORE TO SUPPLEMENT SOVIET PRODUCTION.

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8. LAST, BUT FAR FROM LEAST, SOVIETS WOULD RECEIVE STRATEGIC DIVIDENS, A NEW TRANS-SIBERIAN RAILWAY LINE AWAY FROM CHINESE FRONTIER.
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